
Meeting: Executive
Date: 11 January 2011
Subject: Statutory Review of Fees and Charges
Report of: Cllr Maurice Jones , Portfolio Holder for Finance, Governance and People
Summary: The report proposes the revised Fees and Charges rates to be effective from 1 April 2011 and notes that new or enhanced charges as a result of the Revenue Income Optimisation 'Case for Change' report may be recommended following consideration through the Overview and Scrutiny Process.

Advising Officer: Richard Ellis, Director of Customer and Shared Services
Contact Officer: Matt Bowmer, Assistant Director Financial Services
Public/Exempt: Public
Wards Affected: All
Function of: Council
Key Decision Yes
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

Given the extremely challenging financial situation facing the public sector as a whole and the Council's legal requirement to deliver a balanced budget, the annual review ensures a rigorous, responsible and realistic approach is taken to determine the appropriateness and relevance of the Council's schedule of fees and charges.

The proposals seek to maximise current sources of income and identify new income opportunities across services, rather than reducing an equivalent value of actual services.

Financial:

The Financial Implications are set out in the report

Legal:

The Council has various powers to charge for aspects of the services it provides. The general rule is that when it is carrying out a statutory duty the Council can only make a charge where there is specific power to do so.

Section 93 of the Local government Act 2003 provides that when the Council is providing a discretionary service, it may charge for the service, provided the person receiving the service has agreed to its provision. Overall the income from such charges must not exceed the cost of the provision.

Risk Management:

Risks relating to service take-up and organisational reputation can be associated with increases to fees and charges that are perceived to be 'comparably' high. The key risks are:

- Subject to the level of increase (and in view of the current financial climate), services might become unaffordable to some members of the community, which may impact 'take-up' and therefore overall income levels. This may also impact on the Council's reputation.
- Those paying fees and charges perceive that a higher than expected increase on any given area will be used to cross-subsidise increased costs of other service areas arising from government budget cuts, and not to cover the direct cost of the service they receive. This again may present a reputational risk.
- Services subject to significant increases in fees might attract unfavourable media attention, which again could result in reputational damage to the Council.

Staffing (including Trades Unions):

None

Equalities/Human Rights:

In the main charges are being brought into line with the market place and in some case will have a positive impact rather than negative. However, all charges need to be considered in a service context and if these are not part of an existing policy which has had an Equalities Impact Assessment (EIA) undertaken, and is not part of a current wider review of service or cross cutting efficiency area (i.e. libraries, building control policy, registrars review and Passenger Transport Review) then where the users are predominantly vulnerable people i.e. Telecare, EIAs will be undertaken before implementation so that the price and or criteria applied to payments (means testing) does not exclude those in greatest need.

Community Safety:

None

Sustainability:

None

Summary of Overview and Scrutiny Comments:

- Sustainable Communities Overview and Scrutiny Committee will be asked to comment on these recommendations at its January meeting. Chairs of other Overview and Scrutiny Committees could, at their discretion, also look to scrutinise respective fees and charges for their relevant areas at their January meetings.

RECOMMENDATION(S):

1. that the Executive

- (a) recommends to Council on 24 February, alongside the budget, to approve the schedule of Fees and Charges for 2011/12 as set out in Appendix A of the report**
- (b) notes the business cases from the Revenue Income Optimisation Project will be considered by the Sustainable Communities Overview and Scrutiny process referred to in paragraph 4.3 of the report.**

Reason for Recommendation(s): So that the Council's revised fees and charges can be implemented with effect from 1st April 2011.

Executive Summary

The Council's Charging Policy requires an annual fees and charges review where fees are increased in line with the advisory increase as determined by Members in the budget strategy and that a fundamental review is undertaken every 3 years.

For 2011/12 there has been three strands of work in respect of fees and charges, these being:

- a minimum increase of 5% as determined by Executive in the Corporate Budget Strategy Report
- a review of current fees and charges as a means of delivering budget savings and;
- a Revenue Optimisation Project (RIO) with the objective of maximising current and new income streams.

The majority of charges are set to increase by the 5%, the exceptions being reported separately in this report.

The RIO project identified a number of areas in the 'Case for Change' report where savings could be achieved over the next three years. These have been the subject of initial reviews by officers taking into account Central Bedfordshire's circumstances and detailed business cases are being finalised to facilitate delivery of many £100Ks savings.

1. Background

- 1.1 The Council's Charging Policy states that *'All fees and charges will be reviewed annually and adjusted as necessary in line with [the Council's charging] policy. The Assistant Director Financial Services will provide services with guidance each year as to the maximum inflation rate that may be applied.'*
- 1.2 Additionally, it also states that *'All fees and charges should be reviewed on a more fundamental basis at least every 3 years, where it will be necessary to examine all the factors set out below in accordance with good practice guidance i.e. the CIPFA Practical Guide for Local Authorities on Income Generation (Fully revised 2008).'*
- 1.3 In accordance with the policy, the Chief Finance Officer has advised that the minimum inflation rate to be applied in line with the Corporate Budget Strategy is 5% which is in line with Retail Price Index. Where there have been variations these have been identified separately in this report.
- 1.4 Alongside this, the specific Revenue Income Optimisation project (RIO) has been undertaken with the objective of fundamentally reviewing the Council's fees and charges to maximise current and new sources of income. This was one of the 'cross cutting' efficiency proposals in the 2011/12 Corporate Budget Strategy Report that was considered by the Executive at its meeting in November.
- 1.5 Additional income identified from the RIO project has been reviewed by officers to ensure there is no double counting with the additional income proposals that are integral to the 2011/12 Directorate efficiency and savings proposals in the draft Corporate Budget Strategy report.
- 1.6 The fees and charges also reflect the increase in VAT to 20% that will come into effect from 4 January 2011.

2. General 5% increase

- 2.1 For the majority of services there will be a 5% increase for 2011/12. There are instances where this is not practically possible and these are highlighted in the following paragraphs.
- 2.2 The Registrar's Service is provided via a joint Service Level Agreement with Bedford Borough and consequently fee increases need to be agreed jointly by both Councils. A complete review of the charging mechanism was conducted prior to the RIO project and there have been increases to many of the fees over and above the 5%. The review was based on full cost recovery and benchmarking figures.
- 2.3 These fees have been shared with Bedford Borough. They have been approved by their Executive in early December but they understand that there may be additional revisions through the RIO process.
- 2.4 Building Control fees were revised on 1 October 2010 due to changes in legislation. These were approved under delegated authority by the Assistant Director Financial Services.

- 2.5 Adult Social Care charges have been increased by 3.1% in line with the DWP statutory increase in benefits and pensions. Meals on Wheels, Meals in Day Centres and Day Centre Transport have not been increased as the 2010/11 mid-year increase was around 7.5%. A number of charges listed in the Adult Social Care schedule for 2010/11 have been deleted because they were no longer relevant. There will be no detrimental impact on income to the Council. Some rates may need to be reconsidered once the statutory pensions and benefits uplifts have been announced to ensure synergy with the Council's Fairer Charging regime.
- 2.6 Housing Services have also reviewed their charges to ensure the full recovery of the costs of provision.

3. 2011/12 Budget Efficiencies

- 3.1 Services have taken the opportunity to review the current fees and charges as part of maximising income and achieving savings required in the 2011/12 budget strategy as well as implementing the advisory 5% increase.
- 3.2 Some services will be the subject of significant increases in their fees and charges in order to deliver the savings proposals. This includes the Music Service and Blue Peris Mountain Centre.
- 3.3 The business case for the Music Service proposes that Fees and Charges for Music Service provision are increased to ensure full cost recovery. Until the outcome of the Henley Review, expected in January 2011 and the decision on the provision of the Music Standards Fund the percentage increase has been calculated as; either 75% (assuming receipt of Standards Fund Grant) or 130% (assuming no receipt of Standards Fund Grant)

4. Revenue Income Optimisation Project (RIO)

- 4.1 Central Bedfordshire has been working on a Revenue Income Optimisation project where the initial proposal from PwC identified the Council could benefit by many £100Ks savings over the next three years.
- 4.2 The project has been useful in identifying potential additional income streams for the Council and detailed business cases have been drawn up for developing proposals further in those areas with potential. Officers are in the process of refining those business cases to strengthen the proposals and assess them in light of known circumstances as applicable to this Council. There are 14 individual business cases and the summaries of each are set out below.
- 4.3 A Scrutiny Task Group has been set up to review the Business Case for Car Parking and the Sustainable Communities Overview & Scrutiny Committee will consider all of the proposals at its January meeting. The outcome of this work will feed into the Budget Report to the 8 February meeting of the Executive.

The 14 Business Cases areas are:

1. Advertising, Sponsorship and Events

This business case proposes that the Council develop a coordinated corporate advertising and sponsorship campaign across the Council owned assets. There is an opportunity to centralise the advertising strategy and management at the Council in order to fully control the asset base and to leverage maximum income yields from media buyers. A centralised and commercial function will enable the council to more robustly and effectively channel its advertising assets into the market through dedicated and expert media sellers. This should maximise income and more fully utilise assets that have not been considered to date or ones where limited advertising has taken place

This would involve the Council having;

- Centralised management and co-ordination of all advertising activity with one team at the Council which also owns the advertising strategy.
- An assessment of local market conditions to understand which opportunities are likely to deliver significant returns in the short, medium or longer term.
- Suggestions as to how opportunities might be 'bundled' to maximise their appeal to the market and therefore maximise returns.
- Best practice approaches to securing sponsorship and potential targets.
- Identification of any risks which may affect projected revenues and strategies for managing these.

It is recommended that this opportunity be implemented through a fully managed service provided by an external advertising provider. Using this approach, the Council may be able to reduce their risk through contractual arrangements, i.e. by only paying a % of the net income generated. Alternatively, this opportunity could be implemented by an in-house advertising team, for the purposes of this business case, it is estimated that the costs under each option would be similar.

2. Corporate

There were two elements to this business case, the first centred around a review of the existing fees and charges policy. The second element was around debt reduction. At this stage the original policy has been deemed to be fit for purpose and no additional income has been included as there is a need for more detailed consideration of the detail of the debt.

3. Environmental

This business case proposes that:

- Scores on the Doors re-assessments are offered. (The Food Hygiene Ratings systems)
- The Trading Standards Scheme is extended within Central Bedfordshire and to Cambridgeshire.
- Pest Control prices are increased as a result of a benchmarking exercise and to allow improved cost recovery.
- Health and Safety Training courses are introduced.

4. "CCTV" (to be explored by the service area)

This business case proposes that the Council explores:

- Collaborating with other authorities to provide a central hub to seek economies of scale.
- Monitoring services to more schools'
- Making more use of ANPR technology for car parking offences.

5. Highways

The RIO Project has considered whether there is any further potential to deliver income to support highways and transport work through planning obligations. The Council's recently adopted S106 Strategy already ensures that developers contribute towards new transport and highways infrastructure related to local needs and the development proposed. This comes forward through capital provision for highways improvement works, new cycleways, footpaths etc. Many larger developments also support new revenue contributions to help support new bus services etc. to those developments. In future, the S106 Strategy (or a replacement tariff approach) will extend S106 requirements to cover the costs of local transport improvements and schemes which are agreed as part of the Council's new Local Transport Plan (LTP3). The extent to which developers will be expected to contribute towards LTP3 schemes will be determined when the S106 Strategy is reviewed.

6. Housing (General Fund)

This business case explored four opportunities but the first option was already being explored and the latter three were difficult to do and the potential income was small. The opportunities were:

- Increased rent on traveller pitches,
- Introduce compound interest to charges on properties in relation to unpaid invoices (e.g. Enforcement Notices Works in Default etc.) Currently there is no incentive to pay these debts and therefore they are either left unpaid or paid in small instalments. By introducing an interest charge it may be possible to change the mindset of our debtors and encourage them to pay.
- Removal of 'under a will' or 'inheritance on a death' from the list of exempt disposals for discretionary grants and loans i.e. recovering debts from the deceased persons estate instead of automatically writing it off.
- Introduce a service charge for Client Support Grants which was in place prior to CBC. Charges could be made for Schedule of Works (SOW), sending applications etc.

7. Libraries

This business case proposes that charges are introduced for using the internet, room hire charges are increased and are applied across all libraries and event charges are introduced. With event charges the proposal is to cover the direct costs of refreshment and consumables but not to make a larger fee, therefore the income hasn't been calculated because it is cost neutral.

8. Licences

This business case explores three areas:

- Increase the prices of non-statutory licences where neighbouring authorities charge more to bring the Council's prices in line with market rates and help to ensure cost recovery.
- Some other authorities offer a wider range of licences and these should be considered by the service and introduced where suitable.
- Charges for pre-application advice on licence applications e.g. taxi licences.

9. Public Parking

This business case focuses on new forms of income from parking enforcement to include:

- Introducing charges in free car parks
- Increasing charges at all car parks
- Increasing charges for parking permits for residents
- Introducing charges for parking permits for visitors
- Bringing enforcement in-house
- Introducing Smart cars for monitoring moving traffic contraventions

Significant work has also been completed by the service in respect of increasing charges in car parks as part of their efficiency savings.

10. Planning & Building Control

There are a wide range of opportunities arising from this area. The main one is to introduce charges for pre-application planning advice. The opportunities explored in this business case are:

- 1) Pre-application planning advice charges - Pre-application discussions on planning applications are widely recognised as being of benefit – they can result in formal applications being dealt with in a more certain and speedy manner and can reduce the number of applications that bear little chance of success. This business case sets out a charging regime; a potential schedule of fees; and what that schedule of fees could yield in terms of an annual income.

- 2) Analysis of the CLG Consultation on Planning Fees - The recent CLG Consultation 'Proposals for changes to planning application fees in England' proposed changes to the planning application fees regime which would decentralise responsibility for setting fees to local planning authorities. The initial assessment in the business case has forecast the potential additional income through incorporating a cost for time members spend assessing applications.
- 3) Selling additional advice/expertise: there is an opportunity to join forces with LABC Consult and Noise.co.uk to nominate a member of the team to be trained as an acoustic expert. They would provide consultancy services as part of the LABC Consult 'one-stop shop'. There would be an associated income stream through sharing income on a commission basis, whereby the team member would provide services on behalf of noise.co.uk and LABC Consult and a commission would be split between the Council and the other two parties.

11. Registrars

Within the Registrars service there was a range of opportunities that could be introduced some immediately and others in the longer term after national pilots have concluded.

All non-statutory fees and charges have recently been reviewed by the service and have been set on a full cost recovery basis using a Bedfordshire County Council legacy mechanism. The further analysis that revealed a potential additional £88k on top of the Council's proposals by increasing the fees to benchmarked levels and introducing a range of new services is not considered achievable by officers when considering local circumstances.

12. Telecare

Following on from the recent review of the Council's Fairer Charging Policy the report to Executive recommended that charging for Telecare be considered. This would provide the opportunity to harmonise across the previous legacy Councils charging arrangements for: community alarms, Careline and Telecare. This is in terms of both monitoring services, and, providing and installation of services. It is anticipated that the numbers of residents making use of Telecare support will increase significantly over the coming years as this is the type of support that enables people to live in their own homes and more independently for longer and a consistent approach to charging would be beneficial.

13. Transport

The business case was not progressed because there are several Transport reviews on-going. One council-wide review and one review of the Home to School Transport strategy. There were many opportunities in that area but until the strategy is finalised they cannot be explored.

14. Waste

This business case proposes that:

- Bulky waste charges are revised so that the initial collection is not at a reduced rate.
- Fridge/freezer collection charges are revised so that the first collection is not free.
- Charges are introduced for replacement bins.
- Charge for education visits e.g. for the recycling officer to go to schools or to Colleges. This is done free of charge now but could be charged at around £50-£150 per session.
- Introducing a charged service for the collection of a contaminated bin which has been left by waste collection crew - residual or recycling. Currently the bin is left and the resident responsible for sorting the waste into appropriate bins.

Other options were considered but are not appropriate yet, for example, green waste charging which many councils charge for. However the BEaR project is currently tendering for organic waste disposal so introducing charges now is not considered appropriate.

5 Traded Services with Schools

There are a number of services that the Council provides to schools on a traded services basis. These are currently under review to ensure they are provided in the most cost effective manner and some differential charging to schools may result as a consequence. The outcome of this review will be communicated to Schools in February 2011 and the details will arrive in schools at the same time as schools receive their budget for 2011/2012. Consequently, no assumptions have been made regarding any further income to the authority at this point in time.

6. Fees and Charges Schedule

The full revised schedule is shown at Appendix A. This includes the revised rates required for the achievement of the budget savings proposals. As RIO business cases are implemented the fees and charges schedule will be updated accordingly.

Appendices:

Appendix A – Schedule of Fees and Charges

Background Papers: (open to public inspection)

Central Bedfordshire's Charging Policy

Location of papers: (Central Bedfordshire Council, Technology House, Bedford)